

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W
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O R 181100Z SEP 74

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC IMMEDIATE 4831

INFO USMISSION NATO

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 1285

EXDIS

DEPT PASS TO COMICEDEFOR, CINCLANT AND SECDEF

EO 11652: XGDS-1

TAGS: PFOR MARR IC NATO

SUBJECT: IDF RETENTION NEGOTIATIONS - PREPARATORY

TALKS

REF: (A) STATE 203946; (B) STATE 201414; (C) STATE 201415;
(D) STATE 202412; (E) REYKJAVIK 1284

1. PREPARATORY TALKS ARE BEING COMPLICATED BY THE BUREAU-CRATIC IN-FIGHTING BETWEEN MFA LEGAN ADVISOR HANS ANDERSEN AND MFA SECGEN PETUR THORSTEINSSON, AND THE POLITICAL DIFFERENCES ON THE DEFENSE ISSUE BETWEEN FONMIN AGUSTSSON AND PRIMEMIN HALLGRIMSSON. EACH IS TELLING ME HIS TROUBLES "IN CONFIDENCE." EACH ASKS ME NOT TO LET THE OTHERS KNOW WHAT WE DISCUSS AND EACH, IN HIS OWN WAY, IS LOUSING UP THE SITUATION. IN EFFECT, I AM CARRYING ON FOUR NEGOTIATIONS AND IN THE TWO DAYS REMAINING BEFORE THE FONMIN DEPARTS FOR NEW YORK I AM NOW CONCENTRATING ON ACHIEVING AGREEMENT ON THE SUBSTANTIVE POINTS, LEAVING THE PAPERWORK, IF NECESSARY, TO BEING WORKED OUT IN NEW YORK OR WASHINGTON. I URGE THAT RESPONSES FROM WASHINGTON WHEN REQUIRED BE SPEEDED UP SO THAT THIS NOT BE AN ADDED COMPLICATING FACTOR.

2. I SPENT AN HOUR AND HALF YESTERDAY WITH HANS ANDERSEN,
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FORTY MINUTES WITH PETUR THORSTEINSSON, AND TODAY I HAVE

SEPARATE MEETINGS SCHEDULED AGAIN WITH ANDERSEN AND THORSTEINSSON, AND TOMORROW SEPARATELY WITH PRIME MINISTER AND FONMIN. AS OF YESTERDAY, THORSTEINSSON HAS BEEN ADDED TO GOI'S NEGOTIATION DELEGATION GOING TO WASHINGTON OVER ANDERSEN'S OBJECTION AND EACH OF THEM EXPECTS TO MEET WITH ME IN WASHINGTON SEP 25 FOR LAST-MINUTE PREPARATORY TALKS.

3. I PRESENTED TO ANDERSEN THE DRAFT MEMORANDUM OF UNDERSTANDING OF REFTEL (B) AS REVISED BY REFTEL (A). A DAY EARLIER I GAVE HIM THE DRAFT EXCHANGE OF NOTES. I ALSO GAVE ANDERSEN YESTERDAY AN ORAL PAPER ON RELAXATION OF RESTRICTIONS ON BASE PERSONNEL WHICH INCORPORATES THE ARGUMENTS AND POINTS OF REFTEL (D) BUT WITHOUT REFERENCE TO THE NOW-DROPPED PARA 5 OF MOU. I ALSO GAVE HIM BREAKDOWN OF THE MALE PERSONNEL OF THE ENLISTED RANKS STILL SUBJECTED TO THE UNIFORM RESTRICTION (FEMALES ARE EXEMPT). THIS TOTALLED 658 IN KEFLAVIK AND 19 AT H-3. (YOUR 800 INCLUDES FEMALES).

4. EXCHANGE OF NOTES: ANDERSEN BELIEVES WORDING IS FINE BUT SAID FONMIN SAID HE WOULD NOT SIGN IF IT INCLUDED WORDS WHICH SIGNIFIED REVIEW OF DEFENSE AGREEMENT CONCLUDED. ANDERSEN SAID THAT BECAUSE OF "UNFORTUNATE" TV INTERVIEW FONMIN GAVE SEP 16 (REFTEL E) FONMIN BACKED HIMSELF INTO A CORNER WHERE HE NOW FINDS IT POLITICALLY DIFFICULT TO SIGN A PAPER WHICH COULD BE INTERPRETED BY HIS LEFTIST COLLEAGUES THAT NO FURTHER MODIFICATIONS WILL BE MADE IN IDF IN FUTURE. ANDERSEN AND I BOTH AGREED TO TRY TO CONVINCE THE FONMIN THAT HE IS MISINTERPRETING THE EXCHANGE OF NOTES. I SHALL ALSO MENTION THIS POINT TO PRIMEMIN TOMORROW.

5. MEMORANDUM OF UNDERSTANDING: ANDERSEN WANTED TO LOAD THIS WITH SPECIFICS INCLUDING SUCH THINGS AS USG WILL PURCHASE THE PRESENT TERMINAL WHEN NEW ONE IS BUILT AND HELP FINANCE NEW AIRPORT; USG WILL INCREASE ITS COOPERATION WITH ICELANDIC COAST GUARD, THE ICELANDIS POLICE, AND CIVIL AIR AUTHORITIES. ANDERSEN OBJECTED TO WORD "SEEK" IN MOU POINT 1(A). HE PREFERRED "THE U.S. WILL REDUCE"

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ETC. (ACTION REQUESTED: DO WE CARE ABOUT ELIMINATION OF THE WORD "SEEK"?) AFTER MUCH DISCUSSION DURING WHICH ANDERSEN INSISTED GOI NEEDS SPECIFICS SOMEPLACE IN WRITING I SUGGESTED AND ANDERSEN AGREED WE CONSIDER A "MEMORANDUM FOR THE RECORD" OR "MINUTES OF THE MEETING" TO BE DATED SEP 26 AND WHICH WILL REFLECT OUR MUTUAL COMMITMENTS AS EXPRESSED DURING THE FORMAL NEGOTIATING SESSION. (ACTION REQUESTED: APPROVAL OR

COMMENTS ON MY SUGGESTION.)

6. MEMORANDUM FOR THE RECORD: SUBJECT TO ANDERSEN
CHECKING THIS OUT WITH FONMIN TODAY, THIS WILL INCLUDE
FOLLOWING POINTS:

(A) REDUCTION OF 420 MILITARY PERSONNEL TO BE RE-
PLACED BY QUALIFIED ICELANDIC PERSONNEL AS SUCH PERSONNEL
BECOME AVAILABLE. USG WILL TRAIN ICELANDERS AS REQUIRED.
PRESENT ESTIMATE IS THAT 417 ICELANDERS WILL BE NEEDED TO
REPLACE THE 420.

(B) USG WILL SEEK FUNDS FROM CONGRESS IN FY 1975,
1976 AND 1977 TO CONSTRUCT ADDITIONAL ON-BASE UNITS
SUFFICIENT TO HOUSE ALL AMERICAN MILITARY PERSONNEL ON
BASE. CURRENT ESTIMATE OF ADDITIONAL UNITS IS 468. AS
INDICATION OF USG GOOD INTENTION, DEFENSE DEPT HAS ALREADY
INCLUDED FY1975 CONGRESSIONAL BUDGET FUNDS
FOR 200 OF THESE UNITS IN ANTICIPATION OF SIGNING A
SATISFACTORY DEFENSE AGREEMENT.

(C) USG WILL SEEK FUNDS FROM THE CONGRESS TO ASSIST
IN THE CONSTRUCTION AND DEVELOPMENT OF A NEW AIR COMPLEX
WHICH WILL EFFECTIVELY SEPARATE THE CIVILIAN AIR TERMINAL
FROM THE BASE FACILITIES AT KEFLAVIK. USG FUNDING, WHEN
AVAILABLE, WILL BE LIMITED TO MILITARY-RELATED FACILITIES
(CURRENT OR CONTINGENT) BUT WHICH WILL ALSO HAVE CIVIL AIR
UTILITY. FOR PURPOSES THIS RECORD THESE FACILITIES
ARE LIMITED TO CONSTRUCTION OF APPROPRIATE TAXIWAYS
AND RAMP, ROADS, INCLUDING ACCESS ROAD, AND REHABILI-
TATION OF REFUELING SYSTEM, TOTAL COST OF WHICH ESTI-
MATED TO BE APPROXIMATELY \$6 MILLION. IF REQUESTED BY
GOI, THE DOD WILL SEEK TO FURNISH DRAWINGS AND ENGINEER-
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ING STUDIES, IF AVAILABLE, OF AN EXPANDAMODULAR DESIGN
TERMINAL. (IN THIS REGARD, THORSTEINSSON TOLD ME A
DANISH FIRM IS PREPARING PLANS FOR A NEW TERMINAL MORE
MODEST THAN THE FRENCH AND IS SUPPOSED TO SUBMIT THEM
TO GOI BY END OF OCTOBER.) EXIM BANK WILL ENTERTAIN A
REQUEST FOR LOAN (ETC. AS OUTLINED REFTEL C, PARA 7B).
USG WILL ALSO CONSIDER ENTERING INTO AN ARRANGEMENT ON
GEOTHERMAL HEAT (AS OUTLINED REFTEL C PARA 7C).

(D) USG AND GOI WILL CONTINUE THE PROCESS OF SEEKING
WAYS TO INCREASE THE COOPERATION BETWEEN THE IDF AND THE
ICELANDIC COAST GUARD, POLICE, AND CIVIL AVIATION AUTHORITIES.
THIS WILL BE UNDERTAKEN THROUGH THE COMMITTEE STRUCTURE
WHICH WAS ESTABLISHED IN REYKJAVIK AFTER THE APRIL 1974
NEGOTIATIONS.

NOTE BY OC/T: NOT PASSED.

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

----- 055938

O R 181100Z SEP 74

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC IMMEDIATE 4832

INFO USMISSION NATO

C O N F I D E N T I A L SECTION 2 OF 2 REYKJAVIK 1285

EXDIS

DEPT PASS TO COMICEDEFOR, CINCLANT AND SECDEF

EO 11652: XGDS-1

TAGS: PFOR MARR IC NATO

SUBJECT: IDF RETENTION NEGOTIATIONS - PREPARATORY TALKS

7. AS A TACTICAL PLOY I SUGGESTED THERE BE INCLUDED IN
THE WRITTEN RECORD GOI COMMITMENTS ON STRIKE PROHIBITION
AND RELAXATION OF RESTRICTIONS ON BASE PERSONNEL, BUT
WAS MET WITH STIFF OPPOSITION ON DOMESTIC POLITICAL GROUNDS.

8. PROHIBITION OF STRIKES: ANDERSEN AGREED OUR RE-
QUEST WAS LEGITIMATE. HE SUGGESTED THE ICELANDIC
EMPLOYEES BE ON ROLLS OF THE ICELANDIC DEFENSE COUNCIL
AND THUS BECOME ICELANDIC CIVIL SERVANTS. I TOLD HIM
I DID NOT THINK THIS IDEA SO GOOD BECAUSE IT IS VIRTUALLY
IMPOSSIBLE TO TERMINATE ICELANDIC CIVIL SERVANTS. I
SUGGESTED FONMIN EITHER GET AN UNDERSTANDING WITH THE
UNIONS, OR SIMPLY ACCOMPLISH THIS BY AN INTERPRETATION
OF THE LAW. ANDERSEN SAID HE WILL GET FONMIN TO MAKE
ORAL STATEMENT WE SEEK BUT IMPLEMENTATION NOT AS EASY
AS IT SOUNDS.

9. RELAXATION OF RESTRICTIONS ON BASE PERSONNEL: HE
THOUGHT THE ORAL NOTES I PRESENTED TO HIM (BASED ON REFTEL

D) MADE SENSE AND HE WILL UNDERTAKE TO CONVINCE FONMIN TO
ISSUE ORAL INSTRUCTIONS TO DEFENSE COUNCIL THIS WEEK TO
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INITIATE STUDY WITH AIM OF RELAXING THE RESTRICTIONS.
HE WILL ALSO URGE INITIATION OF A TRIAL PERIOD ON REMOVING
UNIFORM RESTRICTION. ANDERSEN REMARKED FONMIN REALLY
SCARED TO TOUCH THIS ISSUE BUT ANDERSEN AGREED TIME HAD
COME TO SHOW DIGNITY ON THIS MATTER.

10. COOPERATION WITH ICELANDIC POLICE: BY THIS ANDERSEN
MEANS OUR LOCAL COMMITTEE SHOULD STUDY MEANS FOR USG TO
TRAIN THE ICELANDIC POLICE IN WAYS OF CIVIL DEFENSE, LIKE
A LOCAL MILITIA. I SAID IT WAS WORTH EXPLORING.

11. COOPERATION WITH COAST GUARD: ANDERSEN READ ME A
MEMORANDUM FROM ICELANDIC COAST GUARD DIRECTOR PETUR
SIGURDSSON REQUESTING THE FOLLOWING: (A) IDF DEVELOP A
CAPABILITY TO SPOT COMMERCIAL FISHING VESSELS IN ICELAND
WATERS (DEFINED AS 200 MILES). I RESPONDED ABSOLUTELY
NOT. (B) USG LOAN OR GIVE COAST GUARD 4 MEDIUM SIZE TWIN-
ENGINE AIRCRAFT WITH 6-7 HOURS ENDURANCE TO ASSIST IDF IN
ITS SURVEILLANCE OF SURFACE VESSELS WITHIN 200 MILE LIMIT.
MY RESPONSE SAME AS ABOVE. I TOLD HIM US MANUFACTURERS
WOULD BE GALT TO SELL SUCH PLANES TO ICELAND. (C) USG
SUPPLY AS LOAN OR GIFT COUPLE HELICOPTERS, RADAR AND SONAR
EQUIPMENT. MY REPLY WAS NEGATIVE. (D) PERMIT A
"TRUSTED" COAST GUARD OFFICER TO BE STATIONED AT IDF TO
SERVE AS LIAISON OFFICER BETWEEN IDF AND COAST GUARD. I
REPLIED THIS HAD POSSIBILITIES AND COULD BE STUDIED BY OUR
COMMITTEE. ANDERSEN SEEMED TO ACCEPT MY RESPONSES AS
REASONABLE.

12. SEPARATION OF AIRPORTS: ANDERSEN THOUGHT WASTE OF MONEY
TO BUILD TEMPORARY ACCESS ROAD. HE THOUGHT OUR OFFER TO
SEEK FUNDS FOR TAXIWAYS, ETC, (VALUED TOTAL \$6 MILLION
PARA 6C ABOVE) AS "PRETTY PUNY." I TOLD HIM IT WAS MORE
THAN USG WAS COMMITTED TO, AND WITH THE ADDITION OF THE
OTHER MEASURES (MENTIONED ABOVE) IT WAS GENEROUS AND SHOWED
USG SPIRIT OF COOPERATION. HE REPLIED IF WE WANT IDF TO
STAY IN ICELAND WE WILL HAVE TO PAY FOR IT. I RESPONDED
BY SAYING OUR TOTAL PACKAGE, INCLUDING COST OF 468
ADDITIONAL HOUSING UNITS, IS PRETTY SUBSTANTIAL AND I
COULD NOT ACCEPT PROPOSITION ICELAND DOES NOT GAIN
ECONOMICALLY AND SECURITY-WISE FROM IDF PRESENCE. WE
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WENT ROUND AND ROUND ON THIS. I TOLD HIM WE WERE IN ICELAND FOR SECURITY REASONS AND THAT USG EXPENDITURES HAD, THEREFORE, TO BE RESTRICTED TO DEFENSE MEASURES. USG WILL BE GLAD TO CONSIDER ANY PROJECT THAT IS OF MILITARY SIGNIFICANCE, BUT THAT WE WILL HAVE TO BE THE SOLE JUDGE AS TO WHAT THIS MIGHT BE. WE WILL NOT SEEK FUNDS FROM CONGRESS WHICH CANNOT BE DEFENDED ON MILITARY GROUNDS, THEREFORE, WE SHOULD USE THIS AS GUIDE RULE FOR DEGREE OF USG FUNDING OF THE NEW AIR COMPLEX. HE AGREED TO TRY THIS OUT ON THE FONMIN. I DID NOT (RPT NOT) AT THIS TIME BRING UP THE CATEGORY II IMPROVEMENTS, BUT I MAY HAVE TO ALLUDE TO THIS PROGRAM IN OUR NEXT MEETING.

13. AIR SAFETY PROGRAM: ANDERSEN SAID AGNAR KOFOED-HANSEN CLAIMS USG ACCORDING TO ANNEX 4 OF 1951 DEFENSE AGREEMENT IS SUPPOSED TO FINANCE AN AIR SAFETY TRAINING PROGRAM IN ICELAND. I CLAIMED THERE WAS NO MENTION OF USG FUNDING SUCH A PROGRAM. ANDERSEN CITED ARTICLE 6 OF THE ANNEX WHERE IT STATES "IN ORDER TO PROVIDE FOR THE TRAINING OF ICELANDIC PERSONNEL IN THE FIELD OF AVIATION THE UNITED STATES WILL ASSIST ICELAND IN EVERY PRACTICAL WAY. THE DETAILS OF SUCH TRAINING PROGRAMS AND THE NUMBERS OF ICELANDERS TO BE TRAINED WILL BE ARRANGED BETWEEN THE TWO GOVERNMENTS." I REPLIED THAT I WAS NOT IMPRESSED WITH HIS ARGUMENT, BUT IF KOFOED-HANSEN THINKS HE HAS AN UNDERSTANDING WITH THE FAA ON THIS SCORE HE OUGHT TO PURSUE IT WITH THE FAA.

14. IF WE CAN BUTTON DOWN THESE SUBSTANTIVE POINTS TODAY, ANDERSEN AND I WILL START WRITING THE FONMIN'S SCENARIO TOMORROW.

15. MY MEETING WITH SECGEN THOSTEINSSON CENTERED ON THE AIRPORT SEPARATION ISSUE AND THE BASE PERSONNEL RELAXATION ISSUE AND MORE OR LESS COVERED THE SAME ARGUMENTS AS REPORTED ABOVE.

16. COMMENT: MY GREATEST APPREHENSION IS KEEPING THE FONMIN FROM UPSETTING THINGS BY NARROW POLITICAL PARTY CONSIDERATIONS. HIS TV INTERVIEW OF COUPLE DAYS AGO IS AN INDICATION OF WHAT I WAS AFRAID MIGHT HAPPEN. THE IP-PP
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COALITION IS STRICTLY A MARRIANG OF CONVENIENCE WITH CONSTANT INSULTS, CHARGES AND COUNTERCHARGES BEING HURLED AT EACH OTHER BY THEIR RESPECTIVE NEWSPAPERS. IN ADDITION, AGUSTSSON IS UNDER HEAVY FIRE FROM THE ANTI-IDF ELEMENTS OF HIS PARTY FOR DOING AN ABOUT FACE AND AGREEING TO SUPPORT THE NEW GOVT'S DEFENSE PLATFORM. ALSO, THERE IS A MOVEMENT UNDERWAY

TO BRING THE DISSIDENT YOUNG LEFTISTS, WHO BOLTED THE PP
DURING THE ELECTIONS, BACK INTO THE PP. THE SOONER WE
OBTAIN HIS INITIALS ON AN AGREEMENT THE BETTER OFF WE ALL
WILL BE. I INTEND TO MENTION MY APPREHENSION TO THE
PRIMEMIN TOMORROW. WE TALKED BRIEFLY ON THE PHONE ABOUT
THIS AFTER AGUSTSSON'S TV INTERVIEW. PERSPECTIVE IS
NOT A PARTICULARLY NOTEWORTHY ICELANDIC TRAIT.
IRVING

NOTE BY OC/T: NOT PASSED.

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